

AMENDED IN ASSEMBLY JULY 14, 2003

AMENDED IN SENATE APRIL 30, 2003

SENATE BILL

No. 673

Introduced by Senator Florez

February 21, 2003

~~An act to add Article 11 (commencing with Section 12640.21) to Chapter 2A of Part 6 of Division 2 of the Insurance Code, relating to mortgage guaranty insurance. An act to amend Section 142263 of the Public Utilities Code, relating to transportation.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 673, as amended, Florez. ~~Mortgage guaranty insurance: rates~~
Fresno County Transportation Authority.

Existing law, the Fresno Transportation Improvement Act, establishes the Fresno County Transportation Authority that is governed by a 7-member board. Upon approval of a specified ballot proposition by the Fresno voters, the authority is authorized to impose a retail transactions and use tax for up to 30 years to finance regional transportation improvements. Existing law specifies the wording of the proposition if the authority decides to submit a transportation tax measure to the voters. Existing law authorizes the authority to approve an expenditure plan that contains the transportation improvement projects, in priority order, of the authority.

This bill would delete the specified wording requirement of the proposition and would instead provide that the wording of the proposition would be described in the expenditure plan. The bill would provide that the bond appropriation limit of the authority be included in the expenditure plan.

~~Existing law generally regulates mortgage guaranty insurance, as defined. Existing law requires that mortgage guaranty insurers make available a schedule of premium charges for each type of policy issued by the insurer.~~

~~This bill would provide, in addition, that no rate or premium for mortgage guaranty insurance may be used unless approved by the commissioner prior to its use. It would require that rates and premiums be determined by the application of factors that are substantially related to the risk of loss, and would place other specified limitations on rates and premiums. The bill would establish a procedure and timetable for rate approval, and would require the commissioner to adopt regulations implementing certain of these provisions. The bill would require that the costs associated with implementing these provisions be paid by an assessment on mortgage guaranty insurers, as specified, and would require the department to impose this assessment beginning on January 1, 2004, and annually thereafter.~~

~~Vote: majority. Appropriation: no. Fiscal committee: yes no. State-mandated local program: no.~~

The people of the State of California do enact as follows:

- 1 ~~SECTION 1. Article 11 (commencing with Section~~
- 2 ~~SECTION 1. Section 142263 of the Public Utilities Code is~~
- 3 ~~amended to read:~~
- 4 ~~142263. (a) The board of supervisors, as part of the ballot~~
- 5 ~~proposition to approve the imposition of a retail transactions and~~
- 6 ~~use tax, shall seek authorization from the electors to issue bonds~~
- 7 ~~payable solely from the proceeds of the tax.~~
- 8 ~~(b) The maximum bonded indebtedness which may be~~
- 9 ~~authorized shall be an amount equal to the sum of the principal and~~
- 10 ~~interest on the bonds, not to exceed the estimated proceeds of the~~
- 11 ~~tax, for a period of not more than 30 years. The actual wording of~~
- 12 ~~the proposition on any short form of ballot card, label, or other~~
- 13 ~~device, regardless of the system of voting used, shall read as~~
- 14 ~~follows:~~
- 15



<p>FRESNO COUNTY TRANSPORTATION MEASURE</p> <p>— Shall Fresno County voters authorize an extension of up to 30 years of the current one-half percent sales tax to be used in accordance with the Expenditure Plan adopted by the authority to provide countywide transportation improvement which would contribute to increased mobility, less traffic congestion, improved air quality, and increased safety? The authority is authorized to issue bonds payable from the proceeds of that tax and establishes the appropriations limit of the authority in the amount of _____ dollars (\$_____).</p>	<p>YES</p>	
	<p>NO</p>	

(b) The maximum bonded indebtedness that may be authorized shall be an amount equal to the sum of the principal and interest on the bonds, not to exceed the estimated proceeds of the tax, for a period of not more than 30 years. The actual wording of the proposition shall be described in the expenditure plan and shall include the bond appropriation limit of the authority.

12640.21) is added to Chapter 2A of Part 6 of Division 2 of the Insurance Code, to read:

Article 11. — Rate Regulation

12640.21. (a) No rate or premium for mortgage guaranty insurance may be used unless approved by the commissioner prior to its use.

(b) Rates and premiums shall be determined by the application of factors that are substantially related to the risk of loss. The commissioner shall adopt regulations identifying the factors that insurers may use to set rates and premiums.

(c) All costs incurred by the department to adopt regulations, review rates, and implement the other requirements of this article shall be paid for by all mortgage guaranty insurers holding certificates of authority pursuant to Section 12640.07. On January

1 1, 2004, and annually thereafter, the department shall assess each
2 of these mortgage guaranty insurers a percentage of the aggregate
3 estimated costs based on a formula developed by the department
4 that takes into account the mortgage guaranty insurer's respective
5 market share of business transacted within this state.

6 ~~12640.22. (a) No rate shall be approved or remain in effect~~
7 ~~that is excessive, inadequate, unfairly discriminatory, or otherwise~~
8 ~~in violation of this chapter. In considering whether a rate is~~
9 ~~excessive, inadequate, or unfairly discriminatory, no~~
10 ~~consideration shall be given to the degree of competition, and the~~
11 ~~commissioner shall consider whether the rate mathematically~~
12 ~~reflects the insurance company's investment income.~~

13 ~~(b) Every insurer that desires to change any rate shall file a~~
14 ~~complete rate application with the commissioner. A complete rate~~
15 ~~application shall include all data that the commissioner may~~
16 ~~require. The applicant shall have the burden of proving that the~~
17 ~~requested rate change is justified and meets the requirements of~~
18 ~~this article.~~

19 ~~(c) (1) The commissioner shall notify the public of any~~
20 ~~application by an insurer for a rate change. The application shall~~
21 ~~be deemed approved 60 days after public notice unless one of the~~
22 ~~following is true:~~

23 ~~(A) A consumer or his or her representative requests a hearing~~
24 ~~within 45 days of public notice and the commissioner grants the~~
25 ~~hearing, or determines not to grant the hearing and issues written~~
26 ~~findings in support of that decision.~~

27 ~~(B) The commissioner on his or her own motion determines to~~
28 ~~hold a hearing.~~

29 ~~(C) The proposed rate adjustment exceeds limits to be specified~~
30 ~~by the commissioner in regulations adopted pursuant to this~~
31 ~~section.~~

32 ~~(2) In any event, a rate change application shall be deemed~~
33 ~~approved 180 days after the rate application is received by the~~
34 ~~commissioner unless that application has been disapproved by a~~
35 ~~final order of the commissioner subsequent to a hearing, or unless~~
36 ~~extraordinary circumstances, as defined by the commissioner,~~
37 ~~exist. For purposes of this section, "received" means the date~~
38 ~~delivered to the department.~~